

**HOUSING AUTHORITY OF  
JEFFERSON PARISH  
Marrero, Louisiana**

**Annual Financial Report  
For the Year Ended September 30, 2013**

## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT .....	1
REQUIRED SUPPLEMENTARY INFORMATION:	
Management's Discussion and Analysis .....	4
BASIC FINANCIAL STATEMENTS:	
PROPRIETARY FUND:	
Statement of Net Position .....	10
Statement of Revenues, Expenses, and Changes in Net Position.....	12
Statement of Cash Flows .....	14
Notes to the Financial Statements .....	16
SUPPLEMENTAL INFORMATION:	
HUD Financial Data Schedule – Balance Sheet Data by Sub-Fund .....	25
HUD Financial Data Schedule - Revenues and Expenses Data by Sub-Fund .....	27
HUD Financial Data Schedule – Balance Sheet Data by Project .....	29
HUD Financial Data Schedule - Revenues and Expenses Data by Project .....	31
SINGLE AUDIT SECTION:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing</i> <i>Standards</i> .....	33
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by <i>OMB Circular A-133</i> .....	35
Schedule of Expenditures of Federal Awards .....	38
Notes to the Schedule of Expenditures of Federal Awards .....	39
Schedule of Findings and Questioned Costs.....	40
Summary Schedule of Prior Audit Findings .....	43
Management's Corrective Action Plan .....	44

## **INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Housing Authority of Jefferson Parish  
Marrero, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Housing Authority of Jefferson Parish (the "Housing Authority") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the Table of Contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Housing Authority as of September 30, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements as a whole. The HUD Financial Data Schedules are presented for the purpose of additional analysis as required by the U.S. Department of Housing and Urban Development, and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The HUD Financial Data Schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has

been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2014 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, LLC*

June 30, 2014  
Metairie, LA

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2013**

Our discussion and analysis of the Housing Authority of Jefferson Parish's (the "Housing Authority") financial performance provides an overview of the Housing Authority's financial activities for the fiscal year ended September 30, 2013. This discussion and analysis does not include the component unit.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34 Basic Financial Statements –and Management's Discussion and Analysis for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A to provide a more meaningful comparative analysis of the financial data to be presented.

### **FINANCIAL HIGHLIGHTS**

Total spending for all programs was approximately \$38.6 million for the year ended September 30, 2013. Housing assistance payments (HAP) to landlords on behalf of program participants was approximately \$33 million or 85% of total spending. Total operating revenue was approximately \$38.6 million, of which tenant-related income comprised \$615,264 or 1.6%. Subsidies and grants from the U.S. Department of Housing and Urban Development ("HUD") comprised the balance (98.2%) of income. The cash portion of the operating loss of approximately \$61,000 was covered by HAJP reserves in the Housing Choice Voucher and Public Housing sub-funds.

Public Housing Authorities' (PHAs) annual budgets for 2013 are based on mandated procedures that serve to determine every PHA's total and final funding amount. The funding is based on a Calendar year. Operating Fund Subsidy increased from \$446,867 in FY 2012 to \$474,347 in FY 2013, a 6% increase from the prior year, mainly due to the change in pro-ratio from the prior year.

The Housing Authority served as contract administrator for a project-based program known as Jefferson Place Apartments. The Jefferson Place Apartments did not recover from the 2005 hurricane disasters and its tenants were issued tenant-based vouchers and the project-based nature of its subsidy was terminated. While the HAJP no longer serves as contract administrator for this property, the general ledger of this program must remain open as there are funds in the Jefferson Place Apartments bank account which cannot be co-mingled with any other accounts due to the funding source. Reporting requirements are and will be applicable for Jefferson Place Apartments until the funding source instructs the HAJP on the disposition of the remaining funds and the account is closed.

The Disaster Voucher Programs (DVP, DHAP Katrina and DHAP IKE) were created to aid those affected by Hurricanes Katrina and Ike. As these disaster programs are closed, HUD approved some of these vouchers for conversion to the Housing Choice Voucher Program. In cases when the disaster program's voucher was not converted, the participants were eligible to apply for a Housing Choice Voucher Program voucher. The last activity for DHAP Katrina and DVP Programs was October 2009 and October 2010, respectively. The last activity for DHAP

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
September 30, 2013**

Ike was in March of 2012. HUD has conducted funding reconciliations for each program. The accounts of these programs will remain as long as there are funds in their respective bank accounts. Remaining funds of the DVP Program were transferred to the HCV Program upon closing of the DVP Program in 2013. The use of the remaining funds of the DHAP Katrina and DHAP Ike Programs is restricted to purposes defined by HUD, in accordance with the applicable Annual Contributions Contract and other HUD guidance.

Additionally, in January, 2007 HUD approved the Housing Authority to take part in the Section 901 Fungibility portion of the Housing Choice Voucher program in order to rehabilitate and improve public housing, develop more affordable housing and expand family self-sufficiency services. The Housing Authority was approved for a total award of \$13,847,380 of fungible HAP funds to be used by December, 2012. Capital improvements of public housing are completed and all direct tenant related services were provided through December 31, 2012 as per HUD approved plan. Sales proceeds remain in the 901 program account. The only use remaining use of those funds prior to the return of any unused 901 Fungibility funds would be for warranty work on homes built and sold under this program. At the close of FYE 2013, the Housing Authority was awaiting HUD instructions regarding the disposition of any remaining 901 funds.

Residential Housing Development Corporation (RHDC) is a non-profit entity established by resolution of the Housing Authority and is a component unit of the Housing Authority. It presently has three Housing Authority Board members serving as officers. There are no projects at this time.

## **USING THIS ANNUAL FINANCIAL REPORT**

The Housing Authority's annual financial report consists of financial statements that report information about the Housing Authority's most significant programs, such as the Housing Authority's Public Housing, Capital Fund Program, and Housing Choice Voucher Program.

An outline of the Annual Financial Report's content is as follows:

- I. Independent Auditor's Report
- II. Required Supplementary Information
  - A. Management's Discussion & Analysis (MD&A)
- III. Basic Financial Statements
- IV. Notes to the Financial Statements
- V. Supplemental Information
  - A. Financial Data Schedules
- VI. Single Audit Section

Our auditor has provided assurance in their independent auditor's report on pages through 3 that the Basic Financial Statements are fairly stated. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Financial Report.

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
September 30, 2013**

**FINANCIAL ANALYSIS**

The Housing Authority's net position was approximately \$13.2 million at September 30, 2013.

The Housing Authority uses sub-funds to help oversee and demonstrate adequate management of money for particular purposes. Separate sub-funds are established to account for each program. The following analysis focuses on the net position and the change in net position of the Housing Authority as a whole, excluding the component unit.

Table 1  
Net Position  
September 30

	<u>2013</u>	<u>2012</u>
Current assets	\$ 14,972,499	\$ 14,702,810
Capital assets, net	<u>3,411,751</u>	<u>4,313,899</u>
Total assets	<u>18,384,250</u>	<u>19,016,709</u>
Current liabilities and deferred revenue	4,960,785	7,663,835
Noncurrent liabilities	<u>208,316</u>	<u>140,966</u>
Total liabilities	<u>5,169,101</u>	<u>7,804,801</u>
Net Position		
Net investment in capital assets	3,411,751	4,365,499
Restricted for: Program Services	7,885,451	3,978,204
Unrestricted	<u>1,917,947</u>	<u>2,868,205</u>
Total net position	<u>\$ 13,215,149</u>	<u>\$ 11,211,908</u>

Current assets increased approximately \$270 thousand or 1.8% from the prior year. The reason for this change is largely attributable to insurance proceeds receivable for hail damage to Public Housing units. Capital assets decreased by approximately \$0.9 million (21%) from the prior year, largely due to depreciation. The aggregation of the factors affecting current assets and capital assets resulted in the decrease in total assets of approximately \$630,000 (3%).

Total Liabilities decreased by approximately \$2.7 million (35%) due to a decrease in deferred revenue.

There was a decrease in investment in capital assets of approximately \$0.95 million (22%) because of the impact of accumulated depreciation. The increase of \$4 million or 98% in restricted net position is attributed to HUD-mandated release of funds that had been previously classified as deferred revenue. The decrease of \$.95 million or 33% in unrestricted net position



**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
September 30, 2013**

is largely due to the decrease in operating and non-operating revenue (the result of funding prorations).

Table 2  
Changes in Net Position  
Year Ended September 30

	<u>2013</u>	<u>2012</u>
Revenues:		
Operating revenues		
Rental and other tenant revenues	\$ 615,264	\$ 571,564
HUD PHA operating grants	37,968,371	30,493,455
Non-Operating revenues:		
Interest earnings	15,836	13,633
Gain on sale of capital asset	122,612	-
Federal capital grants	-	21,710
Portability income	894,107	1,612,096
Insurance proceeds	728,462	-
Other non-operating receipts	<u>303,337</u>	<u>172,909</u>
 Total Revenues	 <u>\$ 40,647,989</u>	 <u>\$ 32,885,367</u>
 Operating Expenses		
Administration	\$ 2,822,490	\$ 4,470,959
Tenant Services	185,086	215,697
Utilities	189,824	184,661
Ordinary maintenance and operations	570,023	291,178
Other operating expense	507,745	524,091
General expenses	471,665	297,053
Housing assistance payments	32,820,475	34,455,993
Depreciation	<u>1,077,440</u>	<u>1,125,042</u>
 Total Operating Expenses	 <u>\$ 38,644,748</u>	 <u>\$ 41,564,674</u>
 Change in Net Position	 <u>\$ 2,003,241</u>	 <u>\$ (8,679,307)</u>

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
September 30, 2013**

Total revenues increased by approximately \$7.8 million or 24% and total operating expenses decreased by approximately \$2.9 million or 7%. The increase in revenues is primarily attributed to the increase in HUD operating grants (primarily Housing Choice Voucher funding for Housing Assistance Payments) and the recognition of Disaster Voucher Program and Section 901 revenues that had previously been deferred. The sale of homes produced through Section 901 Fungibility resulted in a gain on the sale of assets of approximately \$122,000. Portability income decreased \$0.7 million as the HAJP absorbed more in-porting families.

Operating Expenses increased by approximately \$2.9 million from the prior year. This is largely attributed to the decrease in HAP expenditures (\$1.6 million or 4.7%) and a decrease of approximately \$1.65 million in administrative expense. Partially offsetting the decrease in administrative expense were the increases in maintenance expenses of approximately \$280 thousand (96%) and general expenses of approximately \$175,000 (59%).

The HAJP's net position increased by approximately \$2 million. The increase in net position is primarily due to the recognition of revenue from the Disaster Voucher Program that had previously been deferred.

**CAPITAL ASSETS**

At September 30, 2013, the Housing Authority had approximately \$8 million invested in a broad range of capital assets including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions and depreciation) of \$0.9 million or 21% from last year. All of the decrease is due to accumulated depreciation.

**Capital Assets at September 30, 2013**

	<u>2013</u>	<u>2012</u>
Land	\$1,546,294	\$ 1,546,294
Building Improvements	5,123,119	5,067,931
Infrastructure	1,116,057	1,116,057
Furniture and Equipment	236,626	116,522
Vehicles	<u>15,562</u>	<u>15,562</u>
Subtotals	\$ 8,037,658	\$ 7,862,366
Less Accumulated Depreciation	<u>(4,625,907)</u>	<u>(3,548,467)</u>
Capital Assets, Net of Depreciation	<u>\$ 3,411,751</u>	<u>\$ 4,313,899</u>

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
September 30, 2013**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the federal budget via appropriations rather than by local economic conditions. During FYE 9/30/13 HUD pro-rated the Conventional Housing Operating Fund Subsidy to 82% of the calculated subsidy eligibility. In FYE 9/30/13, HUD pro-rated the HCV Administrative Fees by an average of 69%. These pro-rations of subsidy and administrative fees had a negative impact on the net operating income of the HAJP.

<b>Management Program</b>	<b>Frequency of Budgets</b>
PHA-Owned Housing	Annual
Capital Projects	Annual
Housing Choice Vouchers Program	Annual
Mainstream 5 Yr.	Annual

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Housing Authority's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Housing Authority of Jefferson Parish, 1718 Betty Street, Marrero, Louisiana 70072.

## **BASIC FINANCIAL STATEMENTS**

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
STATEMENT OF NET POSITION  
September 30, 2013**

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Business-Type Activities - Enterprise Fund</u>	<u>Residential Housing Development Corporation</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 3,859,057	\$ 6,068
Restricted Cash	10,292,820	-
Accounts Receivable	178,288	-
Other Receivables	553,462	-
Advances to Other Funds	-	-
Prepaid Insurance	88,872	-
	<u>14,972,499</u>	<u>6,068</u>
Total Current Assets		
<b>NONCURRENT ASSETS</b>		
Capital Assets (not being depreciated)	1,546,294	26,362
Capital Assets (net of accumulated depreciation)	1,865,457	-
	<u>3,411,751</u>	<u>26,362</u>
Total Capital Assets, Net		
Total Noncurrent Assets	<u>3,411,751</u>	<u>26,362</u>
Total Assets	<u>18,384,250</u>	<u>32,430</u>

(Continued)

**HOUSING AUTHORITY OF JEFFERSON PARISH**  
**MARRERO, LOUISIANA**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**September 30, 2013**

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Business-Type Activities - Enterprise Fund</u>	<u>Residential Housing Development Corporation</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 264,314	\$ 100
Due to HUD	4,613,224	-
Compensated Absences Payable	9,286	-
Deferred Revenue	52,455	-
Tenant Deposits Held in Trust	21,506	-
Total Current Liabilities	<u>4,960,785</u>	<u>100</u>
<b>NONCURRENT LIABILITIES</b>		
Other NonCurrent Liabilities	<u>208,316</u>	<u>-</u>
Total NonCurrent Liabilities	<u>208,316</u>	<u>-</u>
Total Liabilities	<u>5,169,101</u>	<u>100</u>
<b>NET POSITION</b>		
Net Investment In Capital Assets	3,411,751	26,362
Restricted for:		
Program Services	7,885,451	-
Unrestricted	<u>1,917,947</u>	<u>5,968</u>
Total Net Position	<u>\$ 13,215,149</u>	<u>\$ 32,330</u>

The notes to the financial statements are an integral part of this statement.

**HOUSING AUTHORITY OF JEFFERSON PARISH**  
**MARRERO, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**For the Year Ended September 30, 2013**

	<b>Primary Government</b>	<b>Component Unit</b>
	<b>Business-Type Activities - Enterprise Fund</b>	<b>Residential Housing Development Corporation</b>
<b>OPERATING REVENUES</b>		
Dwelling Rental	\$ 610,906	\$ -
Other Tenant Revenues	4,358	-
HUD PHA Operating Grants	37,968,371	-
Total Operating Revenues	<u>38,583,635</u>	<u>-</u>
<b>OPERATING EXPENSES</b>		
Administration	2,822,490	8,193
Other Operating Expense	507,745	-
Tenant Services	185,086	-
Utilities	189,824	-
Maintenance	570,023	-
General Expense	471,665	-
Housing Assistance Payments	32,820,475	-
Depreciation Expense	1,077,440	-
Total Operating Expenses	<u>38,644,748</u>	<u>8,193</u>
Income (Loss) From Operations	<u>(61,113)</u>	<u>(8,193)</u>

(Continued)

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION (CONTINUED)  
For the Year Ended September 30, 2013**

	<b>Primary Government</b>	<b>Component Unit</b>
	<b>Business-Type Activities - Enterprise Fund</b>	<b>Residential Housing Development Corporation</b>
<b>NON OPERATING REVENUES</b>		
Gain on Sale of Capital Assets	\$ 122,612	\$ -
Insurance Proceeds	728,462	-
Other Non Operating Receipts	303,337	-
Income Portability	894,107	-
Interest Income	15,836	7
Total Non Operating Revenues	<u>2,064,354</u>	<u>7</u>
 Change in Net Position	 2,003,241	 (8,186)
 Net Position, Beginning of Year	 <u>11,211,908</u>	 <u>40,516</u>
 Net Position, End of Year	 <u><u>\$ 13,215,149</u></u>	 <u><u>\$ 32,330</u></u>

The notes to the financial statements are an integral part of this statement.



**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
STATEMENT OF CASH FLOWS  
For the Year Ended September 30, 2013**

	<b>Primary Government</b>	<b>Component Unit</b>
	<b>Business-Type Activities - Enterprise Fund</b>	<b>Residential Housing Development Corporation</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Rental Receipts	\$ 610,906	\$ -
Federal Grant Income	33,032,570	-
Other Receipts	1,883,350	6,950
Payments to Vendors and Others	(4,774,069)	(7,642)
Payments to Employees	(16,694)	(475)
Housing Assistance Payments	(32,820,475)	-
	<u>(2,084,412)</u>	<u>(1,167)</u>
Net Cash Used in Operating Activities		
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Non Operating Revenues (Expenses)	<u>1,925,906</u>	<u>-</u>
Net Cash Provided by Non- Capital Financing Activities	<u>1,925,906</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of Capital Assets	<u>(52,681)</u>	<u>-</u>
Amortization of Contributed Capital		
Net Cash (Used In) Provided by Capital and Related Financing Activities	<u>(52,681)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest and Investment Income	<u>15,836</u>	<u>7</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(195,351)</u>	<u>(1,160)</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>14,347,228</u>	<u>7,228</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 14,151,877</u>	<u>\$ 6,068</u>

(Continued)

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
STATEMENT OF CASH FLOWS (CONTINUED)  
For the Year Ended September 30, 2013**

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Business-Type Activities - Enterprise Fund</u>	<u>Residential Housing Development Corporation</u>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities:</b>		
Operating Loss	\$ (61,114)	\$ (8,193)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:		
Depreciation	1,077,440	-
Change in Assets and Liabilities:		
Receivables	(508,957)	6,950
Prepays	6,692	-
Deferred Revenue	(2,585,223)	-
Accounts Payable and Accrued Expenses	(263,227)	76
Due to HUD	183,769	-
Deposits	206	-
Other Liabilities	67,350	-
Compensated Absences	(1,348)	-
Net Cash Used In Operating Activities	<u>\$ (2,084,412)</u>	<u>\$ (1,167)</u>
<b>Classified as:</b>		
Cash and Cash Equivalents	\$ 3,859,057	\$ 6,068
Restricted Cash	<u>10,292,820</u>	<u>-</u>
Totals	<u>\$ 14,151,877</u>	<u>\$ 6,068</u>

The notes to the financial statements are an integral part of this statement.

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2013**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the Housing Authority of Jefferson Parish conform to generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for established governmental accounting and financial principles. The following is a summary of significant policies:

**1. REPORTING ENTITY**

The Housing Authority of Jefferson Parish was established on April 16, 1953 pursuant to a resolution of the Police Jury of Jefferson Parish and is chartered as a political subdivision under the laws of the State of Louisiana (LSA-R.S. 40:391). The Housing Authority of Jefferson Parish (The "Housing Authority") was created to administer funds, through the issuance of bonds and U.S. Department of Housing and Urban Development (HUD) annual contribution contracts to promote decent, safe and sanitary housing for lower-income families that cannot afford standard private housing.

The Housing Authority has a nine-member appointed Board of Commissioners and is headed by an Executive Director. It has the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

As of September 30, 2013, the Housing Authority had the following number of units under its programs:

<u>Management Program</u>	<u>Grant ID No.</u>	<u>Number of Units</u>
PHA Owned Housing	FW-1331	200
Capital Fund		N/A
Section 8 Programs	FW-2054	
Housing Choice Vouchers		4,080
Mainstream 5 Year		182
Special Allocations - Jefferson Place Apartments		77

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
September 30, 2013**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1. REPORTING ENTITY (CONTINUED)**

Under the provisions of GASB Statement No. 14 the Housing Authority is considered a primary government. The Housing Authority has a component unit, Residential Housing Development Corporation ("RHDC"), which is reported as a discretely presented component unit.

In determining how to define the reporting entity, management has considered all potential component units. The determination to include a component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended. These criteria include manifestation of oversight responsibility, including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable.

RHDC is included in the reporting entity because the Housing Authority appoints the voting majority of its governing Board of Commissioners and is able to impose its will. The purpose of RHDC is to acquire, develop, and foster the improvement of dwelling units for the benefit of certain qualified recipients.

The Housing Authority has not entered into joint ventures with other entities during the 2013 fiscal year.

Any evidences of indebtedness are solely the obligations of the Housing Authority and are not obligations of the Parish of Jefferson or the State of Louisiana.

**2. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

For financial purposes, the Housing Authority reports all of its primary government operations as a single business activity in a single proprietary enterprise fund.

The Housing Authority uses the accrual basis of accounting. The accrual basis of accounting recognizes revenues when earned and expenses when incurred. The Housing Authority uses the economic resources measurement focus. The accounting objectives are determination of change in net position, net position and cash flows. All assets and liabilities associated with the Housing Authority's activities are included on its Statement of Net Position.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues, such as tenant rental revenue, arise from exchange transactions in connection with a proprietary fund's principal activity. Non-operating revenues, such as interest income, result from non-exchange transactions or ancillary activities. Operating expenses represent the cost of operations, including depreciation. Non-operating expenses are not related to operations, such as interest expense.

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
September 30, 2013**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. BUDGETS**

The Housing Authority prepares budgets for the Conventional, Capital Fund and Section 8 Main Stream 5 Year programs. The Board of Commissioners approves the Conventional and Capital Fund budgets. HUD approves the Capital Fund and Section 8 Main Stream 5 Year program budgets. Budgets are not, however, legally adopted nor required in the basic financial statement presentation.

**4. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits and interest bearing demand deposits. Cash equivalents include short-term investments with maturities of 90 days or less. In accordance with Louisiana Statutes, the Housing Authority of Jefferson Parish maintains deposits at those depository banks authorized by the Housing Authority of Jefferson Parish.

All such depositories are members of the Federal Reserve System.

**5. INVESTMENTS**

Investments are limited by R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments for financial reporting purposes. If the original maturities are 90 days or less, they are classified as cash equivalents.

**6. PREPAID ITEMS**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items on the Housing Authority's Statement of Net Position.

**7. CAPITAL ASSETS AND DEPRECIATION**

Capital assets are recorded at historical cost and are depreciated over their estimated useful lives. Capital assets include all items costing over \$500. Estimated useful lives reflect management's estimates of how long the asset is expected to meet service demands. Depreciation expense is recorded using the straight-line method. When assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	40
Automotive Equipment	5
Furniture, Fixtures, and Other Equipment	3-7

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
September 30, 2013**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**8. DUE TO HUD**

Due to HUD is comprised of approximately \$4.4 million for excess awards made in 2009 for Katrina vouchers, as well as approximately \$202,000 for other costs that are estimated to be due to HUD based on 2012 OIG audit. See NOTE G for further information.

**9. RECEIVABLES**

Accounts receivable from tenants are stated at net realizable value as required by generally accepted accounting principles. An allowance for doubtful accounts is used in the valuation of accounts receivable from tenants. As of September 30, 2013, the amount of \$5,047 was recorded as the allowance for doubtful accounts from tenants. Other receivables consist of insurance proceeds receivable for hail damages in February 2013.

**10. COMPENSATED ABSENCES**

The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to 300 hours of annual leave, which may be received upon termination or retirement. Sick leave hours accumulate, but the classified employee is not paid for them if not used by his retirement or termination date.

**11. DEFERRED REVENUE**

The Housing Authority classifies as deferred revenues certain revenues under temporary programs that require a refund of any grants that are not expended during the period of the grant.

**12. RESTRICTED NET POSITION**

Restrictions, when appropriate, represent those portions of net position that are restricted in use by external parties or by law for a specific future use. There were restrictions of net position in the amount of \$7,858,115 as of September 30, 2013 for program services. When both restricted and unrestricted resources are available for use, it is the Housing Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

**13. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
September 30, 2013**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**14. FUTURE ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board has issued statements that will become effective in subsequent fiscal years. The statements address:

- Items previously reported as assets and liabilities;
- Accounting and financial reporting for pensions;
- Mergers, acquisitions and transfers of operations; and
- Financial guarantees.

The Housing Authority is currently evaluating the effects that these statements will have on its financial statements for subsequent fiscal years.

**NOTE B - CASH AND CASH EQUIVALENTS**

The Housing Authority maintains deposit accounts in a national bank. At September 30, 2013 the carrying amount of the Housing Authority's bank deposits was \$14,151,877 and the bank balance was \$14,310,349. The difference was primarily due to outstanding checks. Of the bank balance, \$250,000 was covered by federal depository insurance. In compliance with State laws, the remaining balance of \$14,060,349 was secured by bank owned securities specifically pledged to the Housing Authority and held by an independent custodian bank jointly in the name of the Housing Authority and the depository bank. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodian bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At September 30, 2013 there were no deposits held by the Housing Authority that were exposed to custodial credit risk representing uninsured deposits collateralized by a pledging bank's trust department but not in the Housing Authority's name.

State statutes authorize the Housing Authority to invest in the following types of securities:

1. Fully-collateralized certificates of deposit issued by commercial banks and savings and loan associations located within the State of Louisiana.
2. Direct obligations of the U.S. Government, including such instruments as treasury bills, treasury notes and treasury bonds.
3. Obligations of U.S. Government agencies that are deliverable on the Federal Reserve System.
4. Repurchase agreements in government securities in (2) and (3) above made with the primary dealers that report to and are regulated by the Federal Reserve Bank of New York.

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
September 30, 2013**

**NOTE B - CASH AND CASH EQUIVALENTS (CONTINUED)**

The Housing Authority's short-term investments are stated at cost, which approximates market and have been classified as cash equivalents in accordance with the Housing Authority's policy discussed in Note A. There were no short-term investments as of September 30, 2013.

The Housing Authority maintains restricted cash for the Family Self-Sufficiency Program, the Housing Choice Voucher Program and certain other programs. At September 30, 2013 restricted cash for the above and other purposes totaled \$10,292,820. The Housing Choice Voucher Program's restricted cash for excess HAP makes up approximately 96% of total restricted cash.

**NOTE C - CAPITAL ASSETS**

Details of the Housing Authority's capital asset balances and the current year's activity are as follows:

	Balance Oct. 1, 2012	Transfers/ Additions	Transfers/ Deletions	Balance Sept. 30, 2013
Land	\$ 1,546,294	\$ -	-	\$ 1,546,294
Building Improvements	5,067,931	55,925	(737)	5,123,119
Furniture and Equipment	116,522	125,100	(4,996)	236,626
Infrastructure	1,116,057	-	-	1,116,057
Vehicles	15,562	-	-	15,562
	<u>7,862,366</u>	<u>181,025</u>	<u>(5,733)</u>	<u>8,037,658</u>
Less Accumulated Depreciation	<u>(3,548,467)</u>	<u>(1,077,440)</u>	<u>-</u>	<u>(4,625,907)</u>
Capital Assets, Net	<u>\$ 4,313,899</u>	<u>\$ (896,415)</u>	<u>\$ (5,733)</u>	<u>\$ 3,411,751</u>

Depreciation expense was \$1,077,440 for the year ended September 30, 2013.

**NOTE D - RETIREMENT PLAN**

The Housing Authority has adopted "Parochial Employees' Retirement System of Louisiana Plan A", a public cost-sharing multiple employer defined benefit pension plan conforming with Chapter 5 Title 11 of the Louisiana Revised Statutes of 1950 (R.S. 11:1901) operated by the Parochial Employees' Retirement System Board of Trustees. Act 584 of 2006 implemented a new plan of benefits for employees hired January 1, 2007 and thereafter.

- a. All regular full-time employees are eligible to participate in the Plan, who works at least twenty eight (28) hours a week at the Housing Authority.



**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
September 30, 2013**

**NOTE D - RETIREMENT PLAN (CONTINUED)**

- b. Employee contributions are nine and half percent (9.5%) of basic employee compensation. Such contributions and all increments and decrements attributable thereto are non-forfeitable and repayable upon termination of employment.
- c. Employer contributions are sixteen and three-fourths percent (16.75%). Participating employees are fully vested when seven years of creditable service are earned and attain age sixty seven (67).
- d. The Plan issues an annual financial report to all participating employers. The financial report can be obtained by writing to: The Parochial Employees' Retirement System, P.O. Box 14619, Baton Rouge, LA 70898-4619.

The Housing Authority's covered employees' contributions to this plan totaled \$34,682, \$33,533, and \$31,834 for the years ended September 30, 2011, 2012, and 2013, respectively. The Housing Authority's covered employer's contributions to this plan totaled \$57,500, \$52,278, and \$55,523 for the years ended September 30, 2011, 2012, and 2013, respectively.

**NOTE E - COMPENSATED ABSENCES**

As of September 30, 2013, employees of the Housing Authority had accumulated \$32,022 of employee leave benefits, of which \$9,286 is payable within one year.

**NOTE F - PAYMENT IN LIEU OF PROPERTY TAXES**

In accordance with a cooperative agreement with the Parish of Jefferson, the Housing Authority is not required to pay property taxes. Instead, the Housing Authority is required to make payments in lieu of property taxes if and when funds may become available. No payments in lieu of property taxes were required or have been made for the year ended September 30, 2013.

**NOTE G - COMMITMENTS AND CONTINGENCIES**

The Housing Authority has entered into an administrative contract with the Louisiana Housing Development Corporation (LHDC). LHDC furnishes all materials and services to develop and implement a plan to carry out the ongoing programs under its various HUD Section 8 programs and certain aspects of the Housing Authority owned housing program.

The administrative contract expires on September 30, 2018. However, if HUD elects to discontinue the programs, the Housing Authority has the right to terminate the contract.

As compensation for the administrative services rendered, the Housing Authority paid LHDC ninety percent (90%), for the months June 1, 2006 through September 30, 2013, of the

**HOUSING AUTHORITY OF JEFFERSON PARISH**  
**MARRERO, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**September 30, 2013**

**NOTE G - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

administration income from the Housing Choice Voucher program allocated to the Housing Authority, as agreed upon in the HUD approved budget, as well as 100% of FSS coordinator fees and hard to house fees. This contract was extended through September 30, 2018. LHDC will receive 100% of fees and costs for direct services, as per HUD approved plan for Section 901 program, as well as 100% of the HUD award from the Disaster programs.

Compensation paid under the administrative contract for the year ended September 30, 2013 is as follows:

Section 8 Housing Choice Voucher Program	\$ 1,828,773
Mainstream 5 Year Vouchers	<u>66,351</u>
 Total	 <u><u>\$ 1,895,124</u></u>

On July 30, 2012, the Office of the Inspector General of HUD (“OIG”) issued an audit report claiming that the Housing Authority violated certain Federal regulations. The report detailed instances of compliance violations and recommended that the Housing Authority support or repay to HUD approximately \$650,000 in questioned and/or ineligible costs. The Housing Authority provided their response to the OIG report on February 1, 2013, supporting the questioned costs and addressing each violation. Management of the Housing Authority, their outside consultant, and their legal counsel are of the opinion that many of these audit findings will ultimately be resolved with no significant liability to the Housing Authority. In May of 2013, HUD reduced the repayment amount by approximately \$200,000, and as of the date of this report, is still in discussions with the Housing Authority about further reducing that amount. The Housing Authority and their legal counsel are of the opinion that the ultimate payment amount will be \$202,114, and this amount was accrued by the Housing Authority as a liability as of September 30, 2013.

**NOTE H - RISK MANAGEMENT**

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Housing Authority maintains commercial insurance to mitigate these risks. Settled claims have not exceeded insurance coverage in any of the past three years.

**NOTE I - COMPONENT UNIT DISCLOSURES**

**Cash and Cash Equivalents**

The Residential Housing Development Corporation (RHDC) maintains deposit accounts in a national bank. At September 30, 2013 the carrying amount and bank balance of RHDC’s bank

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
September 30, 2013**

**NOTE I - COMPONENT UNIT DISCLOSURES (CONTINUED)**

deposits was \$6,068. The bank balance of \$6,068 was covered by federal depository insurance which is limited to a maximum of \$250,000.

**Capital Assets**

Details of RHDC's capital assets balances and current year activity are as follows:

	<u>Balance</u> <u>Oct. 1, 2012</u>	<u>Transfers/</u> <u>Additions</u>	<u>Balance</u> <u>Sept. 30, 2013</u>
Land	\$ 26,362	\$ -	\$ 26,362

**NOTE J - CONCENTRATIONS**

For the year ended September 30, 2013, the Housing Authority received approximately 98% of its total revenue from federal sources (U.S. Department of Housing and Urban Development).

## **SUPPLEMENTAL INFORMATION**

HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
HUD FINANCIAL DATA SCHEDULE -BALANCE SHEET DATA BY SUB-FUND  
For the Year Ended September 30, 2013

													Component Unit
Line Item #	Account Description	Housing Vouchers	Disaster Voucher Program	Section 901 Funds	IKE DHAP	Resident Opportunity and Support Services	Mainstream 5 Year	Jefferson Place	KATRINA DHAP	LA Disaster Recovery CDBG	Eliminations	Total	RHDC
ASSETS:													
CURRENT ASSETS:													
Cash:													
111	Cash - unrestricted	\$ 2,529,367	\$ -	\$ 432,015	\$ -	\$ -	\$ 47,940	\$ 21,949	\$ -	23,263	\$ -	\$ 3,054,534	\$ 6,068
113	Cash - other restricted	9,916,874	-	-	45,065	-	63,364	-	215,466	-	-	10,240,769	-
100	Total Cash	12,446,241	-	432,015	45,065	-	111,304	21,949	215,466	23,263		13,295,303	6,068
Accounts and notes receivables:													
121	Accounts receivable - PHA projects	78,879	-	-	-	-	-	-	-	-	-	78,879	-
122	Accounts receivable - HUD	-	-	-	-	-	-	-	-	-	-	-	-
124	Account receivable - other government	-	-	-	-	-	-	-	-	-	-	-	-
125	Accounts receivable - miscellaneous	99,308	-	-	-	-	-	-	-	-	-	99,308	6,950
126	Accounts receivable - dwelling rents	-	-	-	-	-	-	-	-	-	-	-	-
126 1	Allowance for doubtful accounts - dwelling rents	-	-	-	-	-	-	-	-	-	-	-	-
126 2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-	-	-	-	(6,950)
120	Total receivables, net of allowance for doubtful accounts	178,187	-	-	-	-	-	-	-	-	-	178,187	-
150	TOTAL CURRENT ASSETS	12,624,428	-	432,015	45,065	-	111,304	21,949	215,466	23,263	-	13,473,490	6,068
NONCURRENT ASSETS													
Capital Assets													
161	Land	-	-	-	-	-	-	-	-	-	-	-	26,362
165	Leasehold improvements	-	-	4,080,915	-	-	-	-	-	-	-	4,080,915	-
166	Accumulated depreciation	-	-	(3,698,575)	-	-	-	-	-	-	-	(3,698,575)	-
168	Infrastructure	-	-	1,116,057	-	-	-	-	-	-	-	1,116,057	-
160	Total capital assets, net of accumulated depreciation	-	-	1,498,397	-	-	-	-	-	-	-	1,498,397	26,362
180	TOTAL NONCURRENT ASSETS	-	-	1,498,397	-	-	-	-	-	-	-	1,498,397	26,362
190	TOTAL ASSETS	\$ 12,624,428	\$ -	\$ 1,930,412	\$ 45,065	\$ -	\$ 111,304	\$ 21,949	\$ 215,466	\$ 23,263	\$ -	\$ 14,971,887	\$ 32,430

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HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
HUD FINANCIAL DATA SCHEDULE - BALANCE SHEET DATA BY SUB-FUND (CONTINUED)  
For the Year Ended September 30, 2013

													Component Unit
Line Item #	Account Description	Housing Vouchers	Disaster Voucher Program	Section 901 Funds	IKE DHAP	Resident Opportunity and Support Services	Mainstream 5 Year	Jefferson Place	KATRINA DHAP	LA Disaster Recovery CDBG	Eliminations	Total	RHDC
LIABILITIES AND EQUITY:													
LIABILITIES:													
CURRENT LIABILITIES:													
312	Accounts payable < 90 days	\$ 157,205	\$ -	\$ -	\$ -	-	\$ -	\$ 200	\$ -	\$ 57,624	\$ -	\$ 215,029	\$ 100
331	Accounts payable - HUD PHA programs	4,411,110	-	-	-	-	-	-	-	-	-	4,411,110	-
342	Deferred revenues	-	-	-	-	-	52,455	-	-	-	-	52,455	-
345	Other current liabilities	202,114	-	-	-	-	-	-	-	-	-	202,114	-
347	Inter-program - due to	5,982	-	-	-	-	-	-	-	-	(5,982)	-	-
310	TOTAL CURRENT LIABILITIES	4,776,411	-	-	-	-	52,455	200	-	57,624	(5,982)	4,880,708	100
NONCURRENT LIABILITIES													
353	Noncurrent liabilities - other	157,977	-	-	-	-	-	-	-	-	-	157,977	-
350	TOTAL NONCURRENT LIABILITIES	157,977	-	-	-	-	-	-	-	-	-	157,977	-
300	TOTAL LIABILITIES	4,934,388	-	-	-	-	52,455	200	-	57,624	(5,982)	5,038,685	100
EQUITY:													
508 1	Net investment in capital assets	\$ -	\$ -	\$ 1,498,397	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,498,397	\$ 26,362
511 1	Restricted net position	7,597,584	-	-	45,065	-	-	-	215,466	-	-	7,858,115	-
512 1	Unrestricted net position	92,456	-	432,015	-	-	58,849	21,749	-	(34,361)	-	570,708	5,968
513	TOTAL EQUITY	7,690,040	-	1,930,412	45,065	-	58,849	21,749	215,466	(34,361)	-	9,927,220	32,330
600	TOTAL LIABILITIES AND EQUITY	\$ 12,624,428	\$ -	\$ 1,930,412	\$ 45,065	\$ -	\$ 111,304	\$ 21,949	\$ 215,466	\$ 23,263	\$ (5,982)	\$ 14,965,905	\$ 32,430

NOTE: Some amounts from this financial data schedule have been reclassified for presentation in the basic financial statements.

HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
HUD FINANCIAL DATA SCHEDULE - REVENUES  
AND EXPENSES DATA BY SUB-FUND  
For the Year Ended September 30, 2013

												Component Unit	
Line Item #	Account Description	Housing Vouchers	Disaster Voucher Program	Section 901 Funds	DHAP IKE	KATRINA DHAP	Resident Opportunity and Support Services	Mainstream 5 Year	Jefferson Place	LA Disaster Recovery CDBG	Eliminations	Total	RHDC
REVENUE:													
706	HUD PHA grants	\$ 31,130,551	\$ -	\$ -	\$ -	\$ -	\$ 34,424	\$ 820,060	\$ -	\$ -	\$ -	\$ 31,985,035	\$ -
708	Other government grants	-	-	-	-	-	-	-	-	455,456	-	455,456	-
711	Investment income - unrestricted	14,328	271	72	48	216	-	-	23	-	-	14,958	7
714	Fraud recovery	79,070	-	-	-	-	-	-	-	-	-	79,070	-
715	Other revenue	1,023,055	4,954,851	-	-	-	-	-	-	44	-	5,977,950	-
716	Gain or loss on the sale of fixed assets	-	-	122,612	-	-	-	-	-	-	-	122,612	-
700	TOTAL REVENUE	32,247,004	4,955,122	122,684	48	216	34,424	820,060	23	455,500	-	38,635,081	7
EXPENSES:													
Administrative													
911	Administrative salaries	\$ 15,346	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	15,346	475
912	Auditing fees	14,862	-	-	-	-	-	-	-	-	-	14,862	152
913	Outside management fees	1,828,773	-	-	-	-	-	66,351	-	-	-	1,895,124	616
916	Office Expenses	131,105	510	-	617	510	-	-	1,201	936	-	134,879	-
919	Other	28,271	244,099	52,623	-	-	-	-	-	497,745	-	822,738	6,950
Tenant Services													
924	Tenant services - other	90,183	-	-	-	-	34,427	-	-	-	-	124,610	-
General expenses													
962	Other general expenses	231,495	-	-	-	-	-	-	-	-	-	231,495	-
TOTAL OPERATING EXPENSES		2,340,035	244,609	52,623	617	510	34,427	66,351	1,201	498,681	-	3,239,054	8,193
EXCESS OPERATING REVENUE													
OVER OPERATING EXPENSES		29,906,969	4,710,513	70,061	(569)	(294)	(3)	753,709	(1,178)	(43,181)	-	35,396,027	(8,186)

(Continued)

HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
HUD FINANCIAL DATA SCHEDULE - REVENUES  
AND EXPENSES DATA BY SUB-FUND (CONTINUED)  
For the Year Ended September 30, 2013

													Component Unit
Line Item #	Account Description	Housing Vouchers	Disaster Voucher Program	Section 901 Funds	DHAP IKE	KATRINA DHAP	Resident Opportunity and Support Services	Mainstream 5 Year	Jefferson Place	LA Disaster Recovery CDBG	Eliminations	Total	RHDC
973	Housing assistance payments	\$ 30,321,301	\$ -	\$ -	\$ 815	\$ -	\$ -	\$ 727,064	\$ -	\$ -	\$ -	\$ 31,049,180	\$ -
97350	HAP portability in	1,771,295	-	-	-	-	-	-	-	-	-	1,771,295	-
974	Depreciation expense	-	-	956,301	-	-	-	-	-	-	-	956,301	-
900	TOTAL EXPENSES	34,432,631	244,609	1,008,924	1,432	510	34,427	793,415	1,201	498,681	-	37,015,830	8,193
OTHER FINANCING SOURCES													
1001	Operating transfers in	5,954,862	-	-	-	-	-	-	-	-	(5,954,862)	-	-
1002	Operating transfers out	-	(5,411,860)	(543,002)	-	-	-	-	-	-	5,954,862	-	-
1010	TOTAL OTHER FINANCING SOURCES (USES)	5,954,862	(5,411,860)	(543,002)	-	-	-	-	-	-	-	-	-
1000	EXCESS (DEFICIENCY) OF TOTAL REVENUES OVER (UNDER) TOTAL EXPENSES	\$ 3,769,235	\$ (701,347)	\$ (1,429,242)	\$ (1,384)	\$ (294)	\$ (3)	\$ 26,645	\$ (1,178)	\$ (43,181)	\$ -	\$ 1,619,251	\$ (8,186)
MEMO account information													
1103	Beginning equity	\$ 3,920,805	\$ 701,347	\$ 3,359,654	\$ 46,449	\$ 215,760	\$ 3	\$ 32,204	\$ 22,927	\$ 8,820	\$ -	\$ 8,307,969	\$ 40,516
1117	Administrative Fee - Equity	92,456	-	-	-	-	-	-	-	-	-	92,456	-
1118	Housing assistance payments - equity	7,597,584	-	-	-	-	-	-	-	-	-	7,597,584	-
1119	Unit months available	56,760	-	-	-	-	-	1,200	924	-	-	58,884	-
1121	Number of unit months leased	44,970	-	-	-	-	-	1,190	-	-	-	46,160	-

NOTE: Some amounts from this financial data schedule have been reclassified for presentation in the basic financial statements.



**HOUSING AUTHORITY OF JEFFERSON PARISH**  
**MARRERO, LOUISIANA**  
**HUD FINANCIAL DATA SCHEDULE -**  
**BALANCE SHEET DATA BY PROJECT**  
**For the Year Ended September 30, 2013**

		LA013000013			
Line Item #	Account Description	Conventional Program	Total CFP	Eliminations	Total
<b>ASSETS:</b>					
<b>CURRENT ASSETS:</b>					
<b>Cash:</b>					
111	Cash - unrestricted	\$ 804,523	\$ -	\$ -	\$ 804,523
112	Cash - restricted - modernization and development	3,209	-	-	3,209
113	Cash - other restricted	27,336	-	-	27,336
114	Cash - tenant security deposits	21,506	-	-	21,506
<b>100</b>	<b>Total Cash</b>	<b>856,574</b>	<b>-</b>	<b>-</b>	<b>856,574</b>
<b>Accounts and notes receivables:</b>					
125	Accounts receivable - miscellaneous	553,563	-	-	553,563
126	Accounts receivable - dwelling rents	3,305	-	-	3,305
126.1	Allowance for doubtful accounts - dwelling rents	(3,305)	-	-	(3,305)
128	Fraud recovery	1,742	-	-	1,742
128.1	Allowance for doubtful accounts - fraud	(1,742)	-	-	(1,742)
<b>120</b>	<b>Total receivables, net of allowance for doubtful accounts</b>	<b>553,563</b>	<b>-</b>	<b>-</b>	<b>553,563</b>
142	Prepaid expenses and other assets	88,872	-	-	88,872
144	Interprogram - due from	5,982	-	(5,982)	-
<b>150</b>	<b>TOTAL CURRENT ASSETS</b>	<b>1,504,991</b>	<b>-</b>	<b>(5,982)</b>	<b>1,499,009</b>
<b>NONCURRENT ASSETS</b>					
<b>Capital Assets</b>					
161	Land	1,546,294	-	-	1,546,294
164	Furniture, equipment & machinery - administration	132,126	120,062	-	252,188
165	Leasehold improvements	1,038,243	3,961	-	1,042,204
166	Accumulated depreciation	(927,332)	-	-	(927,332)
<b>160</b>	<b>Total capital assets, net of accumulated depreciation</b>	<b>1,789,331</b>	<b>124,023</b>	<b>-</b>	<b>1,913,354</b>
<b>180</b>	<b>TOTAL NONCURRENT ASSETS</b>	<b>1,789,331</b>	<b>124,023</b>	<b>-</b>	<b>1,913,354</b>
<b>190</b>	<b>TOTAL ASSETS</b>	<b>\$ 3,294,322</b>	<b>\$ 124,023</b>	<b>\$ (5,982)</b>	<b>\$ 3,412,363</b>

(Continued)

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
HUD FINANCIAL DATA SCHEDULE -  
NET POSITION DATA BY PROJECT (CONTINUED)  
For the Year Ended September 30, 2013**

		<b>LA013000013</b>			
<b>Line Item #</b>	<b>Account Description</b>	<b>Conventional Program</b>	<b>Total CFP</b>	<b>Eliminations</b>	<b>Total</b>
	<b>LIABILITIES AND EQUITY:</b>				
	<b>LIABILITIES:</b>				
	<b>CURRENT LIABILITIES:</b>				
312	Accounts payable < 90 days	\$ 42,635	\$ -	\$ -	\$ 42,635
321	Accrued wage/payroll taxes payable	6,650	-	-	6,650
322	Accrued compensated absences - current portion	9,286	-	-	9,286
341	Tenant security deposits	21,506	-	-	21,506
<b>310</b>	<b>TOTAL CURRENT LIABILITIES</b>	<b>80,077</b>	<b>-</b>	<b>-</b>	<b>80,077</b>
	<b>NONCURRENT LIABILITIES</b>				
353	Noncurrent liabilities - other	27,603	-	-	27,603
354	Accrued compensated absences - non current	22,736	-	-	22,736
<b>350</b>	<b>TOTAL NONCURRENT LIABILITIES</b>	<b>50,339</b>	<b>-</b>	<b>-</b>	<b>50,339</b>
<b>300</b>	<b>TOTAL LIABILITIES</b>	<b>\$ 130,416</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 130,416</b>
	<b>EQUITY:</b>				
508.1	Net investment in capital assets	\$ 1,789,331	\$ 124,023	\$ -	\$ 1,913,354
511.1	Restricted net position	27,336	-	-	27,336
512.1	Unrestricted net position	1,347,239	-	-	1,347,239
<b>513</b>	<b>TOTAL EQUITY</b>	<b>\$ 3,163,906</b>	<b>\$ 124,023</b>	<b>\$ -</b>	<b>\$ 3,287,929</b>
<b>600</b>	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 3,294,322</b>	<b>\$ 124,023</b>	<b>\$ -</b>	<b>\$ 3,418,345</b>

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
HUD FINANCIAL DATA SCHEDULE - REVENUES  
AND EXPENSES DATA BY PROJECT  
For the Year Ended September 30, 2013**

		LA013000013			
<b>Line Item #</b>	<b>Account Description</b>	<b>Conventional Program</b>	<b>Total CFP</b>	<b>Eliminations</b>	<b>Total</b>
<b>REVENUE:</b>					
70300	Net tenant rental revenue	\$ 610,906	\$ -	\$ -	\$ 610,906
70400	Tenant revenue - other	4,358	-	-	4,358
<b>70500</b>	<b>Total tenant revenue</b>	<b>615,264</b>	<b>-</b>	<b>-</b>	<b>615,264</b>
70600	HUD PHA grants	474,347	117,732	-	592,079
711	Investment income - unrestricted	878	-	-	878
715	Other revenue	804,687	-	-	804,687
<b>700</b>	<b>TOTAL REVENUE</b>	<b>1,895,176</b>	<b>117,732</b>	<b>-</b>	<b>2,012,908</b>
<b>EXPENSES:</b>					
<b>Administrative</b>					
911	Administrative salaries	\$ 176,156	\$ -	\$ -	\$ 176,156
912	Auditing fees	15,203	-	-	15,203
913	Outside management fees	1,266	-	-	1,266
914	Advertising and marketing	4,975	-	-	4,975
915	Employee benefit contributions - administrative	86,839	-	-	86,839
916	Other operating - administrative	92,041	-	-	92,041
917	Legal expense	45,952	-	-	45,952
918	Travel	14,854	-	-	14,854
919	Other operating - administrative	-	10,000	-	10,000
<b>Tenant Services</b>					
924	Tenant services - other	60,476	-	-	60,476
<b>Utilities</b>					
931	Water	64,523	-	-	64,523
932	Electricity	68,193	-	-	68,193
933	Gas	57,108	-	-	57,108

(Continued)

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
HUD FINANCIAL DATA SCHEDULE - REVENUES  
AND EXPENSES DATA BY PROJECT (CONTINUED)  
For the Year Ended September 30, 2013**

		LA013000013			
Line Item #	Account Description	Conventional Program	Total CFP	Eliminations	Total
	<b>Ordinary maintenance &amp; operation</b>				
941	Ordinary maintenance and operations - labor	\$ 171,007	\$ -	\$ -	\$ 171,007
942	Ordinary maintenance and operations - materials & other	70,157	-	-	70,157
943	Ordinary maintenance and operations - contract costs	287,938	-	-	287,938
945	Employee benefit contributions - ordinary maintenance	40,921	-	-	40,921
	<b>General expenses</b>				
961	Insurance premiums	173,533	-	-	173,533
96200	Other general expenses	32,841	-	-	32,841
96210	Compensated absences	32,021	-	-	32,021
964	Bad debt - tenant rents	1,775	-	-	1,775
<b>969</b>	<b>TOTAL OPERATING EXPENSES</b>	<b>1,497,779</b>	<b>10,000</b>	<b>-</b>	<b>1,507,779</b>
<b>970</b>	<b>EXCESS OPERATING REVENUE OVER OPERATING EXPENSES</b>	<b>397,397</b>	<b>107,732</b>	<b>-</b>	<b>505,129</b>
97400	Depreciation expense	121,139	-	-	121,139
97900	TOTAL EXPENSES	1,618,918	10,000	-	1,628,918
1000	EXCESS (DEFICIENCY) OF TOTAL REVENUES OVER (UNDER) TOTAL EXPENSES	<b>\$ 276,258</b>	<b>\$ 107,732</b>	<b>\$ -</b>	<b>\$ 383,990</b>
	MEMO account information				
1103	Beginning equity	\$ 2,887,648	\$ 16,291	\$ -	\$ 2,903,939
1119	Unit months available	2,400	-	-	2,400
1121	Number of unit months leased	2,378	-	-	2,378

NOTE: Some amounts from this financial data schedule have been reclassified for presentation in the basic financial statements.

## **SINGLE AUDIT SECTION**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners  
Housing Authority of Jefferson Parish  
Marrero, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, and the discretely presented component unit of the Housing Authority of Jefferson Parish (the "Housing Authority") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements and have issued our report thereon dated June 30, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item **2013-001** that we consider to be a significant deficiency.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item **2013-002**.

## **Housing Authority of Jefferson Parish's Response to Finding**

The Housing Authority's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. The Housing Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Carr, Riggs & Ingram, LLC*

June 30, 2014  
Metairie, LA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

Board of Commissioners  
Housing Authority of Jefferson Parish  
Marrero, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited the Housing Authority of Jefferson Parish's (the "Housing Authority") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Housing Authority's major federal program for the year ended September 30, 2013. The Housing Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Housing Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Housing Authority's compliance.

### **Opinion on Major Federal Program**

In our opinion, the Housing Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on one major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Carr, Riggs & Ingram, LLC*

June 30, 2014  
Metairie, LA

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2013**

<u>Federal Grantor Program Title</u>	<u>Federal Number</u>	<u>Contract Number</u>	Housing Authority Expenditures of Federal <u>Funds</u>
<b>U.S. Department of Housing And Urban Development</b>			
<i>Direct Programs:</i>			
Disaster Voucher Program	14.DVP	LA013DV	\$ 510
Disaster Housing Assistance - Ike Community Development Block Grants/State's Program	14.IKE	LA013	1,432
	14.228		498,681
Low Rent Public Housing	14.850a	LA013	1,433,366
Section 8 Housing Choice Voucher	14.871	LA013	34,230,516
Mainstream Vouchers	14.879	LA013	<u>793,416</u>
Housing Voucher Cluster Total			35,023,932
Resident Opportunity and Supportive Services	14.870	LA013 - RFS090A010	34,427
Public Housing Capital Fund Program	14.872	LA013	10,000
Section 901	91.	LA013	52,623
<b>U.S. Department of Homeland Security</b>			
Disaster Housing Assistance - Katrina	97.109	LA013	<u>510</u>
Total Expenditures of Federal Awards			<u>\$ 37,055,481</u>

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2013**

**NOTE 1 - GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal awards of the Housing Authority reporting entity as defined in Note A to the Housing Authority's financial statements.

**NOTE 2 - BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Housing Authority and is presented on the accrual basis of accounting.

**NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Federal awards revenues are reported in the Housing Authority's financial statements as follows:

	Revenues
Conventional Program	\$ 474,347
Housing Vouchers	32,153,606
Other	<u>6,234,525</u>
Total	<u><u>\$ 38,862,478</u></u>

**NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

**NOTE 5 - FEDERAL AWARDS**

In accordance with HUD Notice PIH 98-14, "federal awards" do not include the Housing Authority's operating income from rents or income from investments (or other non-federal sources). In addition, the entire amount of operating subsidy received during the fiscal year is considered to be expended during the fiscal year.

**NOTE 6 - SUBRECIPIENTS**

The Housing Authority did not provide federal awards to subrecipients.

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2013**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of the Housing Authority.
2. One (1) control deficiency in internal control over financial reporting is reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. This deficiency is considered to be a significant deficiency (**2013-001**). The audit did not disclose any material weaknesses.
3. One (1) instance of noncompliance material to the financial statements of the Housing Authority are reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. This noncompliance finding is identified as finding **2013-002**.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award program is reported in the *Independent Auditors' Report on Compliance for each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133*.
5. The *Independent Auditors' Report on Compliance for each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133* dated June 30, 2014 expressed an unmodified opinion.
6. No findings were disclosed during the audit of the major federal award programs or were reported in the *Independent Auditors' Report on Compliance for each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133*.
7. The following program was identified as a major program:

Name of Federal Program	<u>CFDA</u>
Housing Voucher Cluster	14.871/14.879
8. The threshold for distinguishing Type A and B programs was \$1,118,074.
9. The Housing Authority qualified as a low-risk auditee.
10. A separate management letter was not issued for the year ending September 30, 2013

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
For the Year Ended September 30, 2013**

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

**2013-001: INTERNAL CONTROLS OVER DISBURSEMENTS**

**Classification** – Significant Deficiency

**Criteria:** The Housing Authority set procedures which require proper authorization prior to payment, expenses being recorded in the period which they were incurred, and dual signatures for disbursements over a certain amount.

**Condition:** We noted several errors that cumulatively indicated a deficiency in internal accounting control regarding disbursements. The errors primarily occurred due to a failure of the Housing Authority to properly follow their purchasing procedures.

We noted the following matters:

- Several disbursements were made without receiving proper approval before the disbursement was made.
- Certain disbursements were recorded as an expense in the period they were made as opposed to correctly accruing the expense when incurred. The total of these disbursements was immaterial to the financial statements.
- Several disbursements that required two signatures were made with only one signature.

**Cause:** The accounting errors primarily occurred due to the high degree of turnover in both the Executive Director position as well as with the change in fee accountant, who performs the vast majority of financial reporting tasks.

**Effect:** Disbursements were made without receiving proper approval and certain expenses were recorded in the incorrect period, resulting in an understatement of payables.

**2013-002: TIMELY RELEASE OF FINANCIAL STATEMENTS**

**Classification** – Compliance Finding

**Criteria:** Louisiana Revised Statute 24:513 requires that the Housing Authority submit its audited financial statements to the Legislative Auditor within six months of year end.

**Condition:** Primarily due to the unexpected departure of the fee accountant prior to year end the Housing Authority requested an extension of time to file with the Legislative Auditor.

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
For the Year Ended September 30, 2013**

**Cause:** A change in fee accountants shortly before year end resulted in more time being needed to submit audited financial statements to the Legislative Auditor.

**Effect:** Audited financial statements were not submitted to the Legislative Auditor within six months of year end, and an extension was requested.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD  
PROGRAMS AUDIT**

There were no findings or questioned costs related to major federal award programs for the year ended September 30, 2013.

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MARRERO, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended September 30, 2013**

**SECTION I – FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no findings or questioned costs related to the financial statement audit for the year ended September 30, 2012.

**SECTION II – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS**

There were no findings or questioned costs related to major federal award programs for the year ended September 30, 2012.

**SECTION III – MANAGEMENT LETTER**

1. HUD OIG Audit Report– In process. See Note G to the Financial Statements.



**HOUSING AUTHORITY OF JEFFERSON PARISH  
MANAGEMENT'S CORRECTIVE ACTION PLAN (CONTINUED)  
For the Year Ended September 30, 2013**

**SECTION I – FINDINGS – FINANCIAL STATEMENT AUDIT**

**2013-001: INTERNAL CONTROLS OVER DISBURSEMENTS**

**Classification** – Significant Deficiency

**Corrective Action Plan** –

- A. Issue – Several disbursements were made without receiving proper approval before the disbursement was made**

**HAJP Response** – The Financial Management Procedures adopted in January 2013 requires prior written approval of a payment before the check is prepared. Sections 1.5 - 1.6 states:

- 1.5. *The payment voucher and supporting documents will be given to the Executive Director to:*
  - *review the voucher against the invoice,*
  - *review the account codes for accuracy,*
  - *ensure that the expenditure is allowable,*
- 1.6. *When the payment voucher is approved by the Executive Director, the Administrative Coordinator will enter the appropriate information into the accounts payable system to have a check drawn.*

The HAJP acknowledges that, in some instances, this procedure was not followed. To remind staff of this procedure, the Executive Director

- Informed staff, in a 6/10/2014 memo, that no checks are to be prepared in advance of securing approval from the appropriate personnel.
- Issued a communication on 6/24/2014 as a follow-up to the above-referenced memo informing staff that, effective immediately, any check that is prepared in advance of the approval will be voided.

- B. Issue - Several disbursements that required two signatures were made with only one signature**

**HAJP Response** – The HAJP adopted written Financial Management Procedures in January 2013. Those procedures covered a range of cash management issues, including required signatures on checks. Sections 3.2 of Disbursements topic states:

- 3.2 All checks must have two authorized signatures*

**HOUSING AUTHORITY OF JEFFERSON PARISH  
MANAGEMENT'S CORRECTIVE ACTION PLAN (CONTINUED)  
For the Year Ended September 30, 2013**

The HAJP acknowledges that, in some instances, this procedure was not followed. In direct response to this finding, the Executive Director of the HAJP took the following actions:

- Issued a letter, dated 6/24/2014 to the Vice President of Capital One, the bank that carries all HAJP accounts, informing him that the Bank shall not honor any checks that do not have two authorized signatures.
- Added a Final Quality Control Review, effective 6/24/2014, to all check disbursements. This QC Review requires the Assistant Director to ensure that each payment is accompanied by the proper authorization and that each check has two authorized signatures.

**C. Issue – Certain disbursements were recorded as an expense in the period they were made as opposed to correctly accruing the expense when incurred. The total of these disbursements was immaterial to the financial statements.**

**HAJP Response –** The HAJP acknowledges that it is required to use the accrual method of accounting for expenses. In response to this aspect of Finding 2013-001, the Executive Director:

- Issued a letter to the HAJP Fee Accountant requiring the use of accrual accounting. This letter referenced the Audit Finding and the applicable HUD accounting requirement related to this matter.
- Will exercise quality assurance by making a monthly inquiry of the Fee Accountant with respect to compliance with this requirement.

The HAJP appreciates being informed of this control deficiency over financial reporting. We have taken, and will continue to take, corrective action to strengthen this aspect of our financial management system.

**2013-002: TIMELY RELEASE OF FINANCIAL STATEMENTS**

**Classification –** Compliance Finding

**Corrective Action Plan –** The Housing Authority of Jefferson Parish acknowledges the late submission of its audited financial statements. In order to reduce the likelihood of a reoccurrence of this situation, the HAJP will:

1. Ensure that it has engaged the services of a qualified IPA Auditor not later than 30 days after the fiscal year end;
2. Require that the fee accountant close the books not later than 45 days after the fiscal year end;
3. Require that the Annual Audit begin no later than 60 days after the fiscal year end; and
4. Require that the Annual Audit be completed no later than 120 days after fiscal year end